



City of Raleigh Concerning ESG Allocation #2

Substantial Amendment to the FY 2011 Consolidated Plan Annual Action Plan May 15, 2012

1. *HUD Checklist instruction – include SF-424*
2. *HUD Checklist instruction - Summary of Consultation Process*

The City of Raleigh presented the need to develop a substantial amendment to our 2011 Annual Action Plan at the one representative Continuum of Care (CoC) – Partnership to End and Prevent Homelessness meeting on February 14, 2012. The City formed an ESG workgroup from interested members of the CoC and included those who had experienced homelessness or were homeless at the time.

This workgroup consisted of the Executive Director of the representative CoC, Executive Directors of the two local agencies providing services for the American Recovery and Reinvestment Act of 2009 (ARRA) Homelessness Prevention and Rapid Re-Housing (HPRP), an HPRP program coordinator, staff of two additional homeless supportive services CoC member agencies, Three Wake County representatives (housing, human services, and emergency shelter staff) were also in the workgroup. In addition residents of the guest council of an emergency shelter (homeless individuals) joined the workgroup.

The tasks of the workgroup were:

- to determine how to allocate ESG funds for eligible activities,
- to develop the performance standards for activities funded under ESG, and
- to develop funding, policies, and procedures for the operation and administration of the HMIS that will be used for the ESG program.

Once the workgroup developed a draft plan for the administration and scope of work of the ESG program a presentation was made and a vote taken by the CoC membership meeting. In addition, the draft plan was presented to the Board of Directors of the CoC agency during the official comment period.

3. *HUD Checklist instruction - Summary of Citizen Participation Process*

The City of Raleigh used its HUD approved Citizen Participation plan in the preparation of this substantial amendment.

- A first draft of the substantial amendment was published March 14, 2012,
- Particulars of the amendment were presented at a Public Meeting (in conjunction with the City's 2012-2013 Annual Action Plan meeting) March 15, 2012,
- Citizen comments were recorded at this meeting,
- A review of the draft amendment by City staff, the CoC workgroup, and other interested parties took place from March 16, 2012 to April 3, 2012,
- The official draft amendment was published April 4, 2012,
- The official comment period for the amendment was from April 4, 2012 through May 1, 2012,
- A Public Hearing on the amendment was held (in conjunction with the 2012 – 2013 Annual Action Plan Hearing) April 3, 2012,
- Comments were received, considered, and answered from March 15, 2012 through May 1, 2012,
- The City Council approved the substantial amendment at its May 1, 2012 meeting.

To be completed. As of April 4, 2012 no comments have been received. Public Comments received and the City of Raleigh's response are recorded here following the HUD requested format including reasons for accepting or rejecting comments or views.

4. HUD Checklist instruction – Match requirements

The City of Raleigh will not supply any cash or non-cash resources as match for the ESG 2011 2nd allocation. The non-profit organizations or agencies that supply the Homeless Prevention and Rapid Re-Housing Activities, and receive the funding will be bound by their contracts with the City of Raleigh to provide the needed match with cash or in-kind ESG eligible activities. The City is making this requirement because it does not provide shelter support, street outreach, homeless prevention services, or rapid re-housing services directly. Other homeless support service activities the City does provide are not eligible ESG activities i.e. rental subsidy matching activities in a Circles of Support Rental Program, and PT salary of a city representative to the Partnership to End and Prevent Homelessness.

5. HUD Checklist instruction - Proposed Activities and Overall Budget

a. Proposed Activities

The following text taken from the City of Raleigh's 2011 - 2012 Annual Action Plan shows homeless persons and families are prioritized at level one. Additionally city strategies for homeless support are included:

Priority Housing Needs

Priority housing needs have been established using a combination of staff research of the local housing market, CHAS housing tables, Census data, particularly the American Community Survey, and, through the Citizen Participation Plan process, comments gathered from housing providers, homeless providers, city and county staff, various local experts, and the general public.

There is no hierarchy of need within each priority level.

RALEIGH CONSOLIDATED PLAN 2010-2015 PRIORITY HOUSING NEEDS	
Priority Level ONE	<ul style="list-style-type: none"> • Very low income renter households. • Homeless persons and families. • Elderly and persons with disabilities in need of supportive housing. • Low- and moderate-income homebuyers. • Homeowners needing significant rehabilitation assistance.

Priority Homeless Needs

Most homeless services in Wake County are located within the corporate limits of Raleigh. The main focus of Raleigh's efforts in this area will concentrate on homelessness prevention and supporting the efforts of nonprofit and faith-based organizations engaged in providing permanent housing and supportive services for chronically homeless households.

Strategies Addressing Homelessness

1. Support implementation of the Raleigh / Wake Ten-Year Plan to End and Prevent Homelessness.
 - 1.1. Provide Community Development staff to assist in the planning and implementation of the Ten-Year Plan.
 - 1.2. Explore ways to expand City support for rental housing in the Housing First Action Step of the Ten-year Plan, including the use of City-owned rental housing.
 - 1.3. Work with the Raleigh / Wake Partnership to End and Prevent Homelessness (The Partnership).
 - 1.4. Incorporate various Ten-Year Plan strategies and actions, where possible and appropriate, into Raleigh's Annual Action Plans.

2. Support organizations that provide services to the homeless.
 - 2.1. Assist nonprofits in the provision of transitional and emergency housing services for homeless persons and families.
 - 2.2. Foster linkages between affordable housing developments and supportive service providers.
 - 2.3. Provide a portion of HOME funds as match from the community to support HUD Super NOFA funding applications.
 - 2.4. Provide funding to nonprofit organizations through competitive grants to support programs providing services for homeless persons and families.

The City proposes using the ESG 2nd allocation in the following ways:

Eligible Activity	City Annual Action Plan Priority needs and strategies	Amount of ESG funding	Percentage of ESG 2 nd allocation funding	Families to be served (approximately)	Start and completion date	Other Funding Amounts
Homeless Prevention Activities	Priority #1, strategies 2.1, 2.4	\$16,132	1/3 of funding after 7.5% admin removed	5	From time 2 nd ESG allocation grant is signed by HUD until the funds are spent out but no longer than 24 months from grant execution.	
Rapid Re-Housing Activities	Priority #1, strategies 2.1, 2.4	\$32,265	2/3 of funding after 7.5% admin removed	8	From time 2 nd ESG allocation grant is signed by HUD until the funds are spent out but no longer than 24 months from grant execution.	
Admin Costs	Priority #1, strategies	\$12,740*	7.5% from total ESG awards of	0	From time 2 nd ESG allocation grant is signed by	

	1.1, 1.2, 1.3, 1.4, 2.1, 2.2		\$169,813		HUD until the funds are spent out but no longer than 24 months from grant execution.	
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* The City of Raleigh anticipates providing some administration money to the agencies that directly provide services as well as to the local CoC in order provide some monitoring, oversight, and evaluation services for the homeless prevention activities, rapid re-housing activities, and HMIS activities. Amounts of administration support will be included in contracts to be written.

The City proposes one performance indicator for both Homeless Prevention and Rapid Re-Housing services namely the stability of housing for eligible families who receive assistance. Specifically, a family served who remains in stable housing for a period of one year after program exit will be considered stably housed. The following table lists the accomplishments for one and two year periods that we will pursue for families to meet the performance indicator goal. Other CoC agencies and programs will be used in order to provide some of the listed accomplishments.

Performance indicator: Housing Stability for HP and RRH families (one year after program exit)	Projected accomplishments year one (as determined by initial intake assessment)	Projected accomplishments through year two (grant spend out period)
	Develop long term needs assessment	
	Connect family to proper mainstream services	
	Provide ongoing case management	Continue data collection efforts to gage housing stability in the second year
	Develop plan to stabilize and increase income	Continue to implement plan to stabilize and increase income
	Provide budgeting and financial literacy training	
	Provide job training	
	Provide life skills training	
	Provide mental health services	Continue mental health services as required
	Develop a plan to stabilize transportation	
	Develop an after care plan	Follow after care plan

b. Discussion of Funding Priorities

While the City of Raleigh appreciates the emphasis HUD is placing on Rapid Re-Housing activities as necessary to remove families from emergency shelter as quickly as possible, the local nonprofit organizations providing direct homeless support services including HPRP services have demonstrated and are convinced that homeless prevention activities have saved many families, and especially children, from the trauma associated

with homelessness. The City is convinced of the value of homeless prevention activities and wishes to provide both services to eligible families in our city.

Looking at the costs associated with homeless prevention and rapid re-housing activities in the first two years of the HPRP program we project an average cost per family of \$3,425 for homeless prevention services and \$4,340 for rapid re-housing services.

Acknowledging HUD's emphasis on rapid re-housing we propose allocating 66% of the available ESG 2nd allocation towards rapid re-housing activities and only 33% to homeless prevention activities.

Of note: the local CoC and HPRP agencies, fully acknowledging HUD's concerns about the possibility of some HPRP homeless prevention funds being spent on families that would not have gone homeless but for the assistance, are in the planning and development stages of a research project with the local state university to determine better risk factors, performance outcomes and success indicators for homeless prevention assistance.

The City of Raleigh was excited to receive \$991,091 in an HPRP grant as part of the ARRA spending. As those homeless prevention and rapid re-housing funds are used we are pleased to see additional resources made available for these activities as part of the ESG funding. We continue to support and follow the federal 10 year plan: *Opening Doors: federal strategic plan to prevent and end homelessness*. Specifically we plan to continue to address objective 10 of the plan:

Transform homeless services to crisis response systems that prevent homelessness and rapidly return people who experience homelessness to stable housing. (especially the following strategies)

- Strategy 1: Develop and promote best practices for crisis response programs and increase their adoption by agencies receiving federal funds.
- Strategy 2: Determine opportunities to utilize mainstream resources to provide housing stabilization assistance to clients who are homeless or at high risk of homelessness.
- Strategy 3: Develop implementation strategies for the HEARTH Act—especially the new Emergency Solutions Grant—that sustain best practices learned from the Homelessness Prevention and Rapid Re-Housing Program and the Rapid Re-Housing Demonstration.
- Strategy 4: Ensure continuity in the provision of homeless prevention and rapid re-housing services to families, youth, and individuals—including Veterans and their families—through HUD's Homelessness Prevention and Rapid Re-Housing Program.

c. *Identify any obstacles to addressing underserved needs in the community.*

Obstacles to addressing underserved needs in the community. The City and CoC H-ESG workgroup have defined some general and some specific obstacles in serving the needs of at risk families in our community. In general resources for all mainstream services and financial support for the CoC agencies who will participate in meeting the needs of those underserved in our community continue to shrink while requests for services continue to grow. Not only have federal funds been reduced but local business and foundation support has been reduced. A recovering economy will need to grow substantially before this reduction can be turned around. This raises real questions about the capacity available in our community to address HP and RRH needs and help families regain housing stability.

Of special note the CoC agencies and City are experiencing difficulty identifying and placing families in rental housing that complies with both the Fair Market Rent rules recorded at 24 CFR 982.503 and the cost

reasonableness standards established under 24 CFR 982.507 and that can still pass the minimum habitability standards as published for use in this program.

The rental market in Raleigh is particularly strong at this time and landlords have strongly resisted the reduced Fair Market Rents published by HUD for use in the Raleigh/Cary MSA for 2012. Both shelter plus care programs and the City’s own URA efforts show landlords and property management companies unwilling to reduce rents to meet the FMR caps as they believe they can receive higher market rate rents. When determining cost reasonableness as required, in many instances the cost reasonableness determination is higher than the FMR. The City will comply with the current program restrictions but, under separate cover will ask HUD to waive the FMR requirements for this program and for the city’s URA program, at least until the rental rates in Raleigh more closely match the FMR. This difficulty in identifying, safe, decent, affordable housing options for eligible families will impact the ability to rapidly re-house or support homeless prevention activities for eligible families.

Specifically, the City and its partner agencies experiences the following obstacles to meeting the underserved needs in our community: lack of affordable housing, lack of affordable child care, lack of a robust public transportation system, and a lack of jobs in our community.

d. Detailed Budget

Table 3:

FY 2011 Detailed Budget Table						
First Allocation	\$108,680.00	FY 2011				-
Second Allocation	\$61,133.00	<u>Emergency Shelter Grants/Emergency Solutions Grants</u>				
Grant Amount	\$169,813.00	<u>Program Allocations</u>				
Total Administration	\$12,735.98					
		First Allocation		Second Allocation	Total Fiscal Year 2011	
	Eligible Activities	Activity Amount	Reprogrammed Amount	Activity Amount	Activity Amount	
Emergency Shelter Grants Program	Homeless Assistance	\$108,680.00	\$0.00		\$108,680.00	
	<i>Rehab/Conversion</i>	\$0.00	\$0.00		\$0.00	
	<i>Operations</i>	\$108,680.00	\$0.00		\$108,680.00	
	<i>Essential Services</i>	\$0.00	\$0.00		\$0.00	
	Homelessness Prevention	\$0.00	\$0.00		\$0.00	
	Administration	\$0.00	\$0.00		\$0.00	
	Emergency Shelter Grants Subtotal	\$108,680.00	\$0.00		\$108,680.00	
Emergency Solutions Grants Program	Emergency Shelter**			\$0.00	\$0.00	
	<i>Renovation**</i>			\$0.00	\$0.00	
	<i>Operation**</i>			\$0.00	\$0.00	
	<i>Essential Service**</i>			\$0.00	\$0.00	
	<i>URA Assistance**</i>			\$0.00	\$0.00	
	Street Outreach - Essential Services**			\$0.00	\$0.00	

	HMIS				\$0.00
	Rapid Re-housing		\$0.00	\$32,264.68	\$32,264.68
	<i>Housing Relocation and Stabilization Services</i>			\$11,937.93	\$11,937.93
	<i>Tenant-Based Rental Assistance</i>			\$20,326.75	\$20,326.75
	<i>Project-Based Rental Assistance</i>			\$0.00	\$0.00
	Homelessness Prevention		\$0.00	\$16,132.34	\$16,132.34
	<i>Housing Relocation and Stabilization Services</i>			\$6,291.61	\$6,292
	<i>Tenant-Based Rental Assistance</i>			\$9,840.73	\$9,841
	<i>Project-Based Rental Assistance</i>			\$0.00	\$0.00
	Administration			\$12,735.98	\$12,735.98
	Emergency Solutions Grants Subtotal		\$0.00	\$61,133.00	\$61,133.00
			Total Grant Amount:		\$169,813.00

****Allowable only if the amount obligated for homeless assistance activities using funds from the first allocation is less than the expenditure limit for emergency shelter and street outreach activities (see Section III.B. of this Notice).**

% used from first two years of HPRP assistance: HP = 39% services, 61% direct assistance;

RRH = 37% services, 63% direct assistance

6. HUD Checklist instructions - Written Standards for Provision of ESG Assistance

- a. *Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under ESG.*

The City of Raleigh will use three standards to determine eligibility for homeless prevention and rapid re-housing assistance:

1. An income limit of 40% or below AMI for those seeking rapid re-housing assistance, and 30% or below AMI for those seeking homeless prevention assistance,
2. A “but for” determinations for both forms of assistance i.e. but for this assistance the family would become homeless or remain homeless, and,
3. A geographic standard of residence or former residence (as determined by former address) in Wake County, NC (Note: The City of Raleigh is located in Wake County). City and county families could receive assistance.

The 40% income limit matches the CoC focus on families at 40% and below of AMI as most needing assistance in housing and supportive services.

- b. *Policies and procedures for coordination among emergency shelter providers, essential service providers, homelessness prevention and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers.*

The City of Raleigh currently coordinates directly with assistance providers through the local CoC, through direct contracts for services through CDBG Public Services grants, and through a contract with Wake County in support of the South Wilmington Street Center (men’s shelter). In addition different City staff maintain membership in local nonprofit and faith-based organizations with an emphasis on affordable housing, homeless support, and social justice issues.

The City of Raleigh will make regular reports, and seek advice on program performance and other issues at the regular bi-monthly meetings of the CoC membership group. In addition, semi-annual or annual reports and feedback sessions on the ESG program will be presented to the Board of Directors and the Executive Directors Advisory Council of the local CoC.

Through the City Citizen Participation Plan, ongoing coordination and feedback will be sought from the larger community each year through the Annual Action and Consolidated Planning processes.

Through the local CoC and with support from Wake County, area homeless service providers are piloting a centralized assessment and intake system which will be used in providing homeless prevention and rapid re-housing services funded with ESG money. The centralized assessment and intake system team will also coordinate with other assistance providers on family eligibility, case management, and other issues identified as necessary for family success.

The Centralized Intake pilot program will develop referral procedures so any emergency shelter program can direct families to these services. Referral procedures will emphasize the participation of faith-based homeless service providers, schools, and other local organizations that may have eligible families to refer.

The City and the Centralized Intake pilot program will continue to coordinate with the 100K Homes initiative to identify any chronically homeless families that could benefit from these services.

The City of Raleigh's biggest forecast weakness in the coordination process is with main stream service providers and their inability to assist all eligible homeless prevention or rapid re-housing program families as their funding is limited and wait lists for services continue to reach record levels in the city.

- c. Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance.*

The City will use the local HPRP determination and prioritizing procedures to determine which eligible families will receive homeless assistance or rapid re-housing assistance. The HPRP procedures will be updated to include the new definition of homelessness and meet other HUD regulations. In addition the City will give priority in services to those families living in or formerly living in low income census tracts included in zip codes: 27601, 27610, 27603, 27604, and 27529. These areas have traditionally had the least amount of family, community, or church support available to assist in homeless prevention or rapid re-housing activities.

- d. Standards for determining the share of rent and utilities costs that each program participant must pay, if any, while receiving homelessness prevention or rapid rehousing assistance.*

The City has determined that all families receiving homeless prevention or rapid re-housing assistance will pay 30% of their income as their total housing cost (rent and utilities payments). The City will also work with provider agencies to determine when and if families receiving assistance should be required to pay above 30% of their income (become housing cost burdened) for their total housing costs. A sliding scale has been proposed and will be developed.

- e. Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time.*

Within established guidelines (see above), and the interim rule the City partner agencies will develop a "Housing Plan" with each eligible participant family. The individual family housing plan will contain a section that details how long a family will be provided with rental assistance and how that assistance will be adjusted over time. Providers will develop a matrix that will be used in determining these two factors and applying them equitably to the families and assuring that no more funds are spent than necessary to properly assist families. Along with regular case management, the Housing Plan will be used to gage the family's readiness to become self-sufficient with regards to housing.

- f. Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participants receives assistance; or the maximum number of times the program participants may receive assistance.*

The City will use the local standards developed for the HPRP program for determining type, amount, and duration of housing stabilization and /or relocation services including risk matrixes, etc. These standards will be updated to include changes required by the Interim Rule. As in the HPRP program, to allow the most flexibility with regard to helping qualified families, the City will not set any maximum amount of assistance per family, any time limit on duration of assistance, or maximum times a family may seek assistance. However, the family's individual Housing Plan will contain all these elements and be reviewed by City compliance monitors for inclusion of these elements and proper application of resources. This monitoring procedure was developed by the City to monitor the HPRP and will be updated for homeless prevention and rapid re-housing activities.

7. HUD Checklist instruction - Describe Process for Making Sub-awards

The City will publish a Request for Proposals as soon as possible (and meet the 180 day commitment requirement) and solicit non-profit partners to perform these services. If this substantial amendment is approved we anticipate the 2011 2nd allocation and 2012 ESG funds will become available at approximately the same time (within a month or two of each other) and intend to write a contract or contracts that will conditionally continue through June 30, 2014. We anticipate adding any 2013 ESG allocation to these nonprofit(s) and contract(s). This will allow our partner agencies to experience some stability with regard to homeless prevention and rapid re-housing case manager(s) and administrative tasks. Annual continuation reviews will be conducted along with regular compliance monitoring activities.

8. HUD Checklist instructions - Homeless Participation Requirement

The local Continuum of Care, doing business as The Partnership to End and Prevent Homelessness, has a homeless or formerly homeless person who sits on their board of directors. This meets the interim rule requirements concerning homeless participation. In addition, a currently homeless client of a shelter joined our workgroup and provided valuable insight and voiced valid concerns addressed in this substantial amendment.

9. HUD Checklist instructions - Performance Standards

The City proposes one performance indicator for both Homeless Prevention and Rapid Re-Housing services namely the stability of housing for eligible families who receive assistance. Specifically, a family served who remains in stable housing for a period of one year after program exit will be considered stably housed. The following table lists the accomplishments for one and two year periods that we will pursue for families to meet the performance indicator goal. Other CoC agencies and programs will be used in order to provide some of the listed accomplishments.

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	Connect family to proper mainstream services	
	Provide ongoing case management	Continue data collection efforts to gauge housing stability in the second year
	Develop plan to stabilize and increase income	Continue to implement plan to stabilize and increase income
	Provide budgeting and financial literacy training	
	Provide job training	
	Provide life skills training	
	Provide mental health services	Continue mental health services as required
	Develop a plan to stabilize transportation	
	Develop an after care plan	Follow after care plan

As it did in the HPRP, the City will provide regular compliance monitoring visits, bi-monthly to start moving to quarterly when appropriate, to the agencies contracted to provide these services. A review of performance measures and individual case review, with the case manager present, is a regular part of these monitoring visits. If policy violations or incomplete case files are identified, corrective actions will be mandated to bring the files current and make sure all required activities have occurred. Performance measures and their application are reviewed during these monitoring visits. In addition, a monthly desk review is conducted when expenses are invoiced at the City.

10. HUD Checklist instructions – Certifications

No 2nd allocation money will be used for emergency shelter or street outreach activities so these written certifications and policies are not required.

11. HUD Checklist instructions - Requirements for recipients who plan to use the risk factor under paragraph (1)(iii)(G) of the “at risk of homelessness” definition

The City, after consultation with the CoC, will not use the risk factor under paragraph (1)(iii)(G) of the “at risk of homelessness” definition.

12. HUD Checklist instructions - Requirements for Optional Changes to the FY 2011 Annual Action Plan

a. Centralized or Coordinated Assessment System

The local CoC is currently piloting a centralized assessment and intake system for homeless support activities for single women and families. The City expects agencies who will receive 2nd allocation funds for homeless prevention and rapid re-housing activities to use this pilot centralized system. The City will work with the centralized assessment and intake system team to expand the system to include single men as we go forward. The City will also require use of the local HMIS system – CHIN for required reporting activities.

b. Monitoring

The City believes that monitoring activities established as part of its oversight of the HPRP are robust and sufficient to be updated and used to monitor the ESG program especially the homeless prevention and rapid re-housing activities.